



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 27, 2004

H.R. 3589

A bill to create the Office of Chief Financial Officer of the Government of the Virgin Islands

As ordered reported by the House Committee on Resources on July 14, 2004

H.R. 3589 would require the Governor of the Virgin Islands to appoint a Chief Financial Officer (CFO) to serve for a five-year period, with the advice and consent of the legislature of the Virgin Islands. The legislation would establish a Virgin Islands Chief Financial Officer Search Commission to recommend candidates for the CFO position. The current Director of Management and Budget of the Virgin Islands would become Deputy CFO and all functions would be transferred to the CFO. In addition, the bill would authorize the Department of the Interior (DOI) to provide a financial management system to the Government of the Virgin Islands. Five years after enactment, all functions of the CFO would be transferred to the Director of Management and Budget of the Virgin Islands.

Assuming the availability of appropriated funds, and based on information from DOI, CBO estimates that implementing this legislation would cost a total of \$5 million in 2005 and 2006 to install a financial management system for the Virgin Islands. Enactment of H.R. 3589 would not affect direct spending or revenues

The bill contains no private-sector mandates as defined in the Unfunded Mandates Reform act (UMRA). H.R. 2400 contains an intergovernmental mandate as defined in UMRA, but CBO estimates that the cost of the mandate would be well below the threshold established in that act (\$60 million in 2004, adjusted annually for inflation). By requiring the appointment of a Chief Financial Officer, this bill would preempt powers previously delegated to the local government of the Virgin Islands by the United States. Because the Chief Financial Officer would assume the duties and the staff of an existing agency—the Office of Management and Budget of the Virgin Islands—CBO estimates that the costs imposed by this mandate would be less than \$200,000 per year.

The CBO staff contacts for this estimate are Matthew Pickford (for federal costs) and Marjorie A. Miller (for the state and local impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.